

**EXECUTIVE SECRETARIAT**  
**ROUTING SLIP**

TO:		ACTION	INFO	DATE	INITIAL
1	DCI		X		
2	DDCI		X		
3	EXDIR		X		
4	D/ICS		X		
5	DDI		X		
6	DDA				
7	DDO		X		
8	DDS&T				
9	Chm/NIC				
10	GC				
11	IG				
12	Compt				
13	D/Pers				
14	D/OLL				
15	D/PAO				
16	SA/IA				
17	AO/DCI				
18	C/IPD/OIS				
19	C/ITIC	X			
20					
21					
22					
SUSPENSE		5 Nov 84 Date			

Remarks

#19: For appropriate action and please prepare response for DDCI signature.

Executive Secretary

1 Nov 84  
Date

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File 1-2

United States Department of State

Under Secretary of State for  
Security Assistance, Science and Technology

Washington, D.C. 20520

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05 NOV 1984

Executive Registry

84-9558

Mr. John McMahon  
Deputy Director of Central Intelligence  
Central Intelligence Agency

Dear Mr. McMahon:

It is important that the U.S. Government reach a decision on fiber optic technology transfer to the People's Republic of China. The resolution of several pending export control cases hinges on this policy decision, as do future U.S. and other COCOM-country exports of equipment and technology in the fiber optics telecommunications field.

One case is by far the most pressing, affecting US-Belgian relations and our position in COCOM: the Belgian subsidiary of ITT's proposed export of fiber optic cable and transmission and receiving equipment for telephone exchanges in Beijing (COCOM DOC. (83)-1398).

To support a satisfactory and speedy resolution of the Belgian ITT case and to promote a prompt but thorough assessment of the national security and commercial considerations of the broader fiber optic issue, I propose the following course of action:

1. I have asked the Director of the State Department's Office of East-West Trade to convene this week, under the EDAC (Economic Defense Advisory Committee) structure, a special interagency group to resolve the Belgian ITT case. Representatives from the State, Defense and Commerce Departments will be asked to participate in meetings to arrive at a final decision on this case by the time Belgian Foreign Minister Tindemans visits Washington November 7. I invite the Central Intelligence Agency, the National Security Agency and the Defense Department to lend their intelligence expertise to the efforts of this group.

I hope the group can agree on conditions for export which

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will: a) satisfy our legitimate security concerns as defined by the President's policy on technology transfer to China; and b) be acceptable to the Government of Belgium. I ask for your support to ensure full intelligence community participation in resolving this important case.

2. I hereby request that the Technology Transfer Intelligence Committee (TTIC) undertake a study to assess the following aspects of the fiber optics question as it relates to China:

- The national security and intelligence concerns involved in the transfer of fiber optics equipment and technology to China.
- China's current fiber optics telecommunications capabilities, including: fiber optic systems now in operation; research being conducted; and present and projected manufacturing capability in single- and multi-mode fiber, optical fiber cable, transmission and receiving equipment, optical fiber connectors, preforms, and the machinery to produce any of the above.
- Significance of fiber optics in China's long-term telecommunications plans.
- Foreign availability of fiber optic telecommunications equipment and technology, within and outside of COCOM.
- Implications of the recent COCOM agreement on administrative exception levels for optical fiber and fiber optic preforms, transmission and receiving equipment and manufacturing equipment.
- Commercial potential of US fiber optics-related sales to the PRC.

I request that the TTIC working group for this study hold its first meeting no later than the first week of November and conclude its work by the first week of December.

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3. When complete, the TTIC study should be submitted to the Special Interagency Group on Technology Transfer (SIG TT). The SIG TT will then promote appropriate interagency action to arrive at policy recommendations, including:

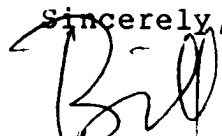
-- Export control guidelines for optical fiber (CCL-1526A), preforms (CCL-1767A), associated transmission and connection equipment (CCL-1519A), and fiber optics manufacturing equipment and technology (CCL-1353A).

-- General guidance on conditions, if any, to be imposed on approved exports of fiber optics telecommunications equipment or technology within these product categories.

I hope the three-part process outlined above will result in a resolution of the Belgian ITT fiber optics case by November 7 and a policy decision on the general question of fiber optics technology transfer by the first week in January. I would appreciate your help in ensuring intelligence community support for this process.

With warm regards.

Sincerely,

A handwritten signature in dark ink, appearing to be 'W. Schneider', written over the word 'Sincerely,'.

William Schneider, Jr.

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EAP/C: SSchlaikjer 632-2656/ EB/EWT: RPrice 632-0964  
#6726E 10/29/84

Cleared: EAP: PWolfowitz  
EAP: WBrown  
EB: DTahtinen  
T: MMarks  
EAP/C: CSzymanski  
PM/STN: AO'Neill

Info: EUR/NE: RHansen  
INR/PMA: RUpchurch